

Dan W. Reicher
Keynote Address
National Clean Cities Conference
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- Thank you, Shelley, for that glorious introduction. And let me, in turn, congratulate Shelley who recently became the Director of Clean Cities.
- It's great to be in Louahvull!! Did I get that right? It's great to be a Kentucky Colonel--my father, who was a Lieutenant Colonel in the Army Air Force, will be proud of me. It's great to see that Tom Gross has a Hollywood career ahead of him (referring to the Clean Cities Conference opening video). It's also great to see Ford's Ad in *U.S.A. Today* and GM's Clean Cities billboard welcoming of us to Louahvull -- am I still OK Melissa (referring to the correct pronunciation of Louisville). It's great to know you have outstanding leaders like Lieutenant Governor Henry and Colonel George Edwards here and I bring greetings from another great leader, U.S. Secretary of Energy and former U.N. Ambassador and former congressman -- Bill Richardson.
- On behalf of Secretary Richardson, I want to express my sincere appreciation to the Clean Cities coalitions from around the nation and to our

national partners for your efforts to develop the alternative fuel vehicle market.

- It is truly a pleasure to be here this morning and see the Clean Cities movement in force. I remember last year's conference in Washington, and I think this year is even more impressive.
- C Just last month I had the pleasure of attending my first Clean Cities coalition designation when the Capital District Clean Communities Coalition--which encompasses Albany, NY--became the 70th Clean City. This designation was a special pleasure for me because of my roots in upstate NY.
- C The Albany event helped me see how neatly the Clean Cities program can be integrated into the communities that support it. In Albany, for example, some of the same stakeholders involved in the Clean Cities program are also involved in building and demonstrating technologies for state-of-the-art energy efficient buildings. Another fine example of this integration is the El Paso Clean Cities program which recently received a DOE grant to promote alternative fuel vehicles at the airport, and, at the same time, installation of a photovoltaic-shaded parking area.

- C We are working to better integrate all of our DOE energy programs. this is critical if we are going to successfully address the challenges of sustainable growth and environmental stewardship. These are immense challenges.
- C Today, More than half our oil is now imported and our reliance is increasing.. Vehicle emissions are one of biggest contributors to lung disease and greenhouse gas emissions. And although the economy is currently robust, think about this: What if we didn't have to pay out \$50B in health care costs due to poor air quality? What if we didn't have to pay for security in an unstable part of the world -- which happens to have 75% of the world oil reserves? What if more than \$50 B we spent each year on imported oil were reinvested in our own economy?
- C How we use energy has a profound effect on our environment, our economy, and our quality of life. Every time we flip a switch or drive our car, we are burning fuel -- and by these simple actions, we are degrading our environment. But, at the same time, energy is the cornerstone of our economy; we are literally powerless without it.
- C So what is the answer? How can we have a dynamic economy and a high quality of life without undermining our environment? A clean and diverse

energy supply and efficient energy use are two of the answers. And they converge in Clean Cities.

C All of you folks in Clean Cities have made a tremendous commitment to improving your communities and your local environments. I am here today to urge you to stay the course.

- Stay the course, because you've come a long way.
- As you know, Clean Cities recently celebrated its fifth anniversary. I understand that at the first Clean Cities designation in Atlanta in 1993, there were just 7 stakeholders and a handful of alternative fuel vehicles.
- Today, "Clean Cities – Atlanta" is its own self-sustaining nonprofit organization, with 74 members, and more than 2,800 alternative fuel vehicles on the road, which means it has already surpassed its year 2000 vehicle goal! And it has helped champion legislation that included a \$1,500 tax credit for certified low-emission vehicles.
- Since Atlanta, sixty-nine coalitions have followed, each adding strength and support to the Clean Cities network.
- And there are many shining stars among those sixty-nine coalitions – from coast to coast. Los Angeles, for example, has more than doubled the number of alternative refueling stations since it became the 45th designated Clean

Cities coalition in 1996. These additional 200 refueling stations have helped to secure a place for alternative fuels in the L.A. transportation market.

- I also urge you to stay the course, because you are not alone:
- During the five year history of the Clean Cities Program, 6,500 people have attended the Clean Cities designation ceremonies.
- 7,000 fleet managers and other community leaders have attended Clean Cities workshops and events, sponsored by you.
- 40,000 people have seen Clean Cities materials at trade shows and 100,000 people have seen alternative fuels information at the nation's auto shows.
- And an estimated 5 million have seen our logos on alternative fuel vehicles.
- 30 states have alternative fuel legislation on the books to encourage AFV use, thanks in large measure to you.
- Most importantly, 3,500 stakeholders are out there working to put more alternative fuel vehicles on the road, talking to their neighbors and elected officials, changing laws, training technicians, and building the infrastructure. All for a better future, a cleaner community, and a nation less dependent on imported oil.
- Your effort are phenomenal. The Federal government, working alone, would never achieve such success. It takes all of us.

- Tomorrow, David Leiter, DOE's Principal Deputy Assistant Secretary for Energy Efficiency and Renewable Energy, will present the 1999 Clean Cities National Partner awards. These awards recognize several true Clean Cities heros – champions of alternative fuels.
- In honor of their pioneering efforts and accomplishments in building new markets for alternative fuels, I am pleased to officially announce the winners for 1999:
 - The Southern Company, and its subsidiary Georgia Power, for its extraordinary measures to promote the use of electric vehicles.
 - The New York State Energy Research and Development Authority for being a champion in the development of alternative transportation products and AFV Deployment in the State of New York...not to mention the six Clean Cities coalitions in the state.
 - Tulsa Public Schools for its steady increase in building its alternative fuels fleet to 190 alternative fueled vehicles.
 - Yellow Cab Company for its fleet of 31 CNG Honda Civic GX taxis in Bloomfield, Connecticut.

- Grocery Company of Texas, one of the nation's largest private supermarket chains, for being a leader in the deployment of 18 LNG long-haul trucks.
- Pierce Transit of Tacoma, Washington, for 117 buses that operate on natural gas, with a pledge of 100 percent of its fleet to be powered by alternative fuels by 2003.
- Jim Moore, of the Lone Star Energy Company, for being an alternative fuels hero through his efforts to facilitate the construction of 30 natural gas stations as well as the conversion of 3,500 vehicles to natural gas in the great state of Texas.

Good luck in your retirement, Mr. Moore. We will miss you.

- Please join me in a round of applause for our alternative fuel champions.
(Pause)
- I also urge you to stay the course, because we are putting our money where our mouth is
- We all know it takes resources to make things happen. That's why we are committed to marshaling the technical and financial resources that you need to get the job done.

- [This section may need to be modified. We are checking with all concerned offices and will have final version by Sunday]
- Next week the Secretary will be announcing the winners of the State Energy Program and he will be announcing that you—the Clean Cities stakeholders—are receiving over \$3.5 million in grants under the Department’s 1999 State Energy Program. This will be the largest amount of grant money that the Clean Cities program has ever awarded. In this very competitive program, we were able to select almost one half of the more than 126 proposals received. That’s Great News!
- A sampling of the projects include: funding to buy-down the cost of alternative fuel vehicles for airport shuttle vehicles, delivery vehicles, and other niche market applications; building electric, ethanol, propane and natural gas, refueling infrastructure in Clean Cities in key locations across the country, putting additional clean school buses on the road, and funding clean cities coordinators.

- And that's not all. In the early Spring we announced 20 winners of our Information Dissemination and Public Outreach Activities for Clean Cities and other deployment activities.
 - We will be awarding over \$2 million in the first round for projects, such as: the third edition of the "Green Guide to Cars and Trucks;" an electric vehicle consumer awareness campaign in California; and projects to further develop the Interstate Clean Transportation Corridor. You can read about the various projects funded in the first round just outside the ballroom.
 - My staff tells me they love to give money away. I just wish we had more. That's why we have increased our funding request for the Clean Cities Program in the fiscal year 2000 budget request that is currently under consideration by Congress.
 - The President's budget proposal also calls for creating the Clean Air Partnership Fund, which would be used to provide state and local governments with grant money for voluntary projects to curb emissions.
- (Pause)
- I also urge you to stay the course, because we can't do it alone.
 - Some folks think the Federal agencies are laggards when it comes to alternative fuel vehicle acquisition. Did you know that we have over 34,000

alternative fuel vehicles in the Federal fleet? Did you know that since 1993, the Federal government has purchased over 45,000 AFVs? Did you know that the U.S. Postal Service has a solicitation on the street to purchase up to 6,000 electric vehicles? The U.S. Postal Service is also considering the purchase of another 10,000 ethanol mail delivery vehicles, and we will have two E85 stations opened in Washington, D.C. by the end of 1999.

- At the Department of Energy, we will be second to none when it comes to alternative fuel acquisitions. This year we will acquire more than 700 AFVs which is greater than 80 percent of the Department's covered vehicle acquisitions. At least 75 of the 700 DOE vehicles will be electric.
- However, we know more must be done in the Federal fleet area. That's why I am pleased to announce the Federal AFV Users Program, developed by the Interagency Committee on Alternative Fuels and Low Emission Vehicles. This initiative will concentrate federal AFVs, in coordination with alternative fuel providers and other non-Federal fleets, to increase the use of alternative refueling infrastructure in six cities. Our goal is to place large quantities of Federal AFVs and substantially increase the use of alternative fuels.
- The six cities were chosen based on several factors, including the number of GSA leased vehicles; number of Postal Service vehicles; and support of local

GSA and Federal fleet representatives; automobile manufactures; and alternative fuel providers.

- The cities chosen for this program are the San Francisco Bay Area; Salt Lake City; Albuquerque; Denver; Minneapolis/St. Paul; and Melbourne/Titusville/Kennedy Space Center. If you are located in one of these cities, please plan to attend the national kickoff meeting of the program this afternoon from 2:00 to 4:30 in Mezzanine B/C/D.
- The national kick off meeting will be followed by local meetings starting in July. We hope that if these pilots are successful that we can expand this effort into other areas.
- I also urge you to stay the course, because Congress is listening
- We all know the need for more incentives, and I am happy to see the Rockefeller/Hatch bill introduced just two weeks ago in the U.S. Senate-- a bill that will help alternative fuels compete in the market place with its \$.50/gallon tax break for the fuel provider.
- Also, another strong bill was introduced by Congressman Boehlert, entitled the “Airport Air Quality Improvement Act” to promote inherently low-emission vehicles and infrastructure at airports in metropolitan nonattainment areas. The substance of the bill has now been incorporated into a larger

measure called the “Aviation Investment and Reform Act.” This bill calls for \$20 million in funding to 10 public-use airports for the acquisition of AFVs.

(Pause)

- I also urge you to stay the course, because now is a critical time for alternative fuels
 - Most of you know that the Department is making a determination on whether to extend alternative fuel vehicle requirements to private and local government fleets. I’m told that many in this room make weekly, if not daily calls to my staff urging us to move forward.
- C I share your concern. Of all the transportation programs authorized by the Energy Policy Act of 1992, this rulemaking, and the companion transit bus rulemaking, are the last and most significant rulemakings--and the ones with the largest potential impact.
- That is why today I make this commitment: We will determine by August whether to propose alternative fuel vehicle requirements under the Energy Policy for private and local government fleets.
 - Here is what the Energy Policy Act tells us to do:

First, we must examine the 30% replacement goals and decide if they are achievable; if they are not achievable, we must establish a new goal and time frame in which we can meet it; and

Second, we must decide if a rulemaking is necessary to meet the fuel replacement goals.

- These are the minimum requirements to propose. Prior to proposing expansion of fleet requirements to private and local government fleets, we will need answers to a lot of questions. I have asked my staff to deliver answers to the following:
- Question No. 1 – Will the light-duty AFV market survive in the absence of a private/local fleet requirement?
- Our preliminary analysis shows that if private and local fleets are not covered, Federal, State and fuel provider fleets will acquire approximately 10,000-20,000 AFVs per year. However, with private and local fleets included, annual AFV demand could be over 350,000 per year.
- Question No. 2 – Can we meet our oil displacement goals without private and local fleet participation?
- At least three times in the last 25 years we have been reminded what our dependence on foreign oil means to this country: the two oil embargoes of the

70's and the Iraqi invasion of Kuwait in 1991. Congress responded to these events with a clear, if somewhat soft-spoken message: reduce oil use and find practical alternatives. In 1992, Congress said 30% alternative fuel use by 2010 is a reasonable goal. We know now that 30% by 2010 may be a stretch for which our country is not quite ready—but nonetheless, the goal is important. It just doesn't make sense for this nation to be 97% dependent on petroleum for transportation in the 21st century.

- Question No. 3 – Can we design a program that is flexible enough to allow a significant role for medium and heavy-duty vehicles?
- Medium and heavy-duty vehicles may be an excellent niche where alternative fuel vehicles can be more competitive. Yet the act's language is geared towards light duty vehicles. We will look hard at our options.
- Question No. 4 -- Can we draft a rule that is practical and flexible?
- Some fleets have said they will dissolve if we issue the private/local fleet mandate. Others have said they can't afford it. We will consider these concerns seriously. However, we will also look at common-sense options that make a fleet program affordable, practical, and as simple and flexible as possible.

- Question No. 5 -- Can we ensure that the AFVs will actually use alternative fuels?
 - It is simply not enough to put AFVs on the road -- we also have to make sure there is alternative fuel in the tank. The entire alternative fuel effort has been criticized – and justly so – for putting too many AFVs on the road that still regularly use petroleum fuels.
- C These are the critical issues. I am committed to resolving them in a thoughtful and expeditious manner. Now I must ask you to do your part—we need your active participation in this rulemaking, both in your local communities and in Washington. (Pause)

- I also urge you to stay the course, and keep challenging yourselves
- Clean Cities is growing and changing. Last year when I spoke to you, I issued a challenge -- a challenge to achieve a 100% alternative fuel niche market in every community over the next five years. A year ago we had one community that could boast a 100% niche market success -- the Coachella Valley transit bus system.
- C This year we have another 100% niche market success story: The U.S. Postal Service delivery fleet in El Paso, TX now has all 397 delivery vehicles running on cleaner burning natural gas. I'd like to give a big round of applause to the El Paso Postal Service fleet for being the first to meet the challenge.
- C I hope each year at the Clean Cities conference we will be able to celebrate more and more niche market successes. By continually examining the niche markets in each Clean Cities area, we will find more and more opportunities for successful introduction of 100% alternative fuels in those fleets.
- C One niche market I would especially like to hear about is the school bus fleet. By introducing alternative fuels into these fleets, we accomplish many positive things: 1) we educate a whole new generation of Americans about the benefits of alternative fuels; 2) we reduce school transportation

maintenance costs; and 3) we free up valuable education dollars for use in areas which net the most important benefits -- namely educating the Nation's youth.

C In 1998, Energy Secretary Richardson and Education Secretary Riley announced the kickoff of a new initiative to save billions of dollars in school costs and redirect the savings toward student education. The EnergySmart Schools Initiative, which you can learn more about at this afternoon's table top session, operates very much like Clean Cities. It is a partnership among government and educational institutions, public utilities, energy service companies, builders, equipment suppliers, national education and energy associations, and community groups. A combined effort between EnergySmart Schools and Clean Cities could be a showcase achievement.

C And the Department of Energy is willing to help. This year alone, we are funding 11 separate grants to put more alternative fuel school buses on the road. And we will continue to help fleets that are willing to make a commitment to alternative fuels.

C There are already several school fleets which have achieved notable milestones. The Tulsa Public School District, for instance, operates 190

CNG and propane vehicles, including 147 CNG school buses. The District plans to have 70% of its fleet of 750 vehicles on alternative fuels in the near future. The Lower Merion School District in Philadelphia is another great example. It has just celebrated its millionth mile on CNG.

C So, I would like to continue my challenge to you to focus on 100% niche markets. Next year let's celebrate several **new** niche market successes. And the year after that, several more until they become so commonplace we can no longer name them all.

C Here is another area where Clean Cities can grow: advanced technology vehicles. What do I mean by advanced technology vehicles? I mean vehicles that are ultra-clean and ultra-fuel efficient. I mean vehicles with a fuel cell power plant or vehicles with a hybrid electric drivetrain.

C The Department of Energy has made a big investment in advanced technology vehicles, through our major role in the Partnership for a New Generation of Vehicles. We have partnerships with each of the major U.S. automakers to build hybrid vehicles. In fact, next month at a ceremony at DOE, Ford Motor Company will turn over the keys to the P2000, a prototype hybrid built under this 50% cost-shared partnership. This mid-sized sedan contains state-of-the-art nickel metal hydride batteries and a small Diata engine. We expect it to

get a combined city/highway fuel economy of 50 miles per gallon. We are really looking forward to having the vehicle here so that we can drive it and conduct our own evaluation of it.

C And, I am pleased to announce that at lunch tomorrow, you will all be able to see the first mass produced hybrid electric vehicle to be sold in the U.S. -- the Honda VV -- a 2-seater vehicle that weighs less than 2000 pounds and, according to the manufacturer, gets 70 mpg. This vehicle, a bold marketing effort by Honda, will be available in dealerships in November. I encourage all of you to take a look tomorrow and to familiarize yourselves with the benefits of hybrids.

C Let's think about the significance of these hybrid electric achievements. Since 1910 the U.S. has been almost completely dependent upon the internal combustion engine fueled by gasoline. We have had almost a hundred years to perfect this combination. But it is still only 20-25% efficient. A mechanic from 1910 would still recognize almost every part of today's engine, except for the emission controls and the electronic ignition.

C But now we are seeing both evolutionary and revolutionary changes. And vehicles are beginning to emerge that combine the best of the internal combustion engine with the best features of an electric vehicle. The results

will be dramatic. I am personally looking forward to the time when the solar electricity that now powers my own home can also charge my own electric or hybrid vehicle.

C I think the Clean Cities coalitions need to promote these advanced technology vehicles. If we are to meet our air quality and oil displacement goals, we will need both advanced technology, fuel efficient vehicles -- and alternative fuel vehicles. And we need the complete menu of vehicles available. The lines which use to divide U.S. manufacturers from our foreign competitors are becoming very blurred. The new Daimler purchase of Chrysler, the recently announced partnership between GM and Toyota, and Ford's purchase of Volvo, make it difficult to determine exactly what is a domestic company. This issue becomes even more complicated if we look at foreign companies which have a U.S. manufacturing and R&D presence. So my message is simple: we need all the advanced technology and alternative fuel vehicles that manufacturers around the world are willing to produce and we will not discriminate in our promotion of them. (Pause)

- Finally, I urge you to stay the course, because there is no other choice

- I know it's not easy being an alternative fuel advocate these days. Gasoline is cheap; AFV infrastructure is still insufficient; and public awareness of AFV's needs to grow.
- But even though there are numerous barriers to a truly sustainable market for alternative fuels, we know that our reliance on foreign oil is growing and that our environment is increasingly threatened. Only by working smart, working fast and working together will we successfully confront these challenges. So stay the course -- and borrowing some timely inspiration from Hollywood -- may the force be with you! or should I say may the fuel be with you.
- Now I have a surprise--I didn't quite announce all of the National Partner winners. I wanted to wait to the end for this special announcement.

- So it is with great pleasure... that I announce a very special winner of our 1999 awards, ...Ford Motor Company. Ford offers 12 models of alternative fuel vehicles – the largest line of vehicle offerings, incentive money for infrastructure development, funding for fleet manager workshops, and...they've recently announced \$3.0 million to support the marketing efforts of 12 of our nation's Clean Cities. They are a true friend to Clean Cities.
- Marty Zimmerman would you join me on the stage.
- Thank you, Ford Motor Company, for your support of DOE's Clean Cities Program.

Introduction of Martin b. Zimmerman

by

Dan Reicher

Having just given Martin this award, it is now my please to introduce him as our next speaker...Martin is Vice President of Governmental Affairs at Ford Motor Company. Although he just assumed this position at the beginning of the year, he has been with Ford for more than a decade where he served as Chief Economist. Prior to his work at Ford, Marty Zimmermann was a professor and chairman of the Business Economics Department at the University of Michigan's Graduate School of Business Administration. He also served one year as Senior Economist on the President's Council of Economic Advisors and four years on the Advisory Council of the National Aeronautic and space Administration.

He is a member of Phi Beta Kappa, the national Association of Business Economists, and serves on the Board of Trustees of the committee for Economic development, the Board of visitors of the Nelson Rockefeller Center for Social Sciences at Dartmouth College, and the Board of Directors of the Citizens Research

Council of Michigan. In 1997, he received the Blue Chip Economic Forecasting Award for the most accurate forecast over the 1992-1996 period.

Mr. Zimmerman received his B.A. from Dartmouth College and a doctorate in economics from MIT in 1975.

Please welcome Marty Zimmerman.

